

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, November 26, 1996

LEASE-PURCHASE PROGRAM COSTS AVOIDED
PER PUPIL BY USE OF YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present per pupil savings in construction costs typically found by using year-round school programs and direct the Office of Public School Construction (OPSC) to report to the Legislature.

DISCUSSION

Education Code Section 42263(d) requires the State Allocation Board to report to the Legislature no later than December 1 of each even numbered years the statewide average per pupil savings in school construction costs. The average per pupil savings is the amount the State would have had to spend to house a pupil if that pupil was not attending a year-round school.

The old savings figure of \$1,151 per pupil appeared in the enabling legislation and was estimated without using data from previous years - and without considering 30 and 40 year useful life time periods (only the 20 year figure was used). This \$1,151 per pupil was used to determine year-round school grants for 1990-91 and 1991-92.

To provide a new cost savings per pupil figure, staff used construction cost data collected during 1994-95 and 1995-96 Fiscal Years. By factoring in the useful life of a facility and amortizing bond cost over 30 years at an interest rate of 5.5%, the OPSC reports the following cost savings per pupil:

| USEFUL LIFE OF A FACILITY | 1994-95 & 1995-96 COST SAVINGS PER PUPIL |
|---------------------------|---|
| 20 Years | \$1,005 |
| 30 Years | \$670 |
| 40 Years | \$503 |

STAFF COMMENTS

The prior reports were based on a the sale of 20 year general obligation bonds; however, the only bonds sold at that time are 30 year general obligation bonds.

The methodology used to determine the new cost savings figures is identical to that used in the reports presented to the Board on November 18, 1992 and November 30, 1994. On these occasions the Board requested that the cost savings per pupil be presented to the Legislature reflecting the 20 year, 30 year and 40 year useful life of a facility savings. The Legislature would make the determination of how to utilize this information.

RECOMMENDATION

Direct the OPSC to report to the Legislature on the average cost savings using the 20 year (\$1,005/pupil), 30 year (\$670/pupil) and 40 year (\$503/pupil) useful life figures.